

RYAN PREPARED OPENING STATEMENT
DEMOCRAT BUDGET FLOOR – FY2008 BUDGET RESOLUTION
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- The key to this year's budget debate isn't *whether* Congress should balance the federal budget – Republicans and Democrats agree, we can – and must.
- The key to the debate is on how we're going to get there.
- Today, as this House debates both the Democrats' – and Republicans' – budget proposals for fiscal year 2008, it will become clear that this is much more than a simple discussion about how numbers add up over the next few years.
- Instead, it is a much larger debate about our governing philosophies, about what kind of society we envision, and about the kind of country we want to leave for future generations.
- The budget that Democrats have proposed is true to their philosophy. They believe that more government is better government, and that the best way to solve the myriad problems we face in this country is to spend more and more, and to tax our people more and more to pay for that spending.
- The Democrats' budget reflects this philosophy by calling for the largest tax increase in American history, immense new spending, and postponement of critical entitlement reform for at least another five years.
- If Congress passes this Democrat budget today, we will raise taxes on the American people by \$400 billion.
- And we're not just talking about raising taxes on the rich, as the Democrats would like to have us believe. We are talking about raising taxes on every single American.

- This means:
 - ▶ Raising marginal rates on all taxpayers;
 - ▶ Eliminating the ten percent bracket that has benefitted numerous low-income individuals;
 - ▶ Raising the tax on capital gains and dividends and discouraging investment in our economy and savings for seniors;
 - ▶ Slashing the child tax credit in half;
 - ▶ Reinstating the marriage penalty;
 - ▶ Reimposing the death tax and;
 - ▶ Eliminating the sales tax deduction for states such as Texas and Florida.

- **Chart 8** – Do they claim otherwise? You bet. But their revenue numbers clearly show that they assume the CBO baseline, which assumes a tax increase of nearly \$400 billion over the next five years. And it does NOT assume an AMT fix, the extension of the 10% bracket, the child tax credit, or anything else the Democrats have tried to claim.

- They've also made more than \$100 billion worth of additional spending promises in this budget – if they are offset. Which probably means another \$100 billion in tax hikes.

- So, what we really have here is a huge tax increase – a huge tax increase that will have the effect of significantly increasing the burden on individual taxpayers and small businesses and will completely ignore the positive impact of the tax relief passed by Republicans in 2003.

- Let's review some of the effects low tax burdens have had on economic growth these past few years:
 - ▶ **JOBS** (1)– Before we provided tax relief in 2003, we were losing an average of 100,000 jobs per month. Since then, we've added 7.6 million new jobs at an average of 170,000 per month.

 - ▶ **GDP** (2)– Before we provided tax relief in 2003, average GDP growth was 1.1 percent. Since then, it's been 3.5 percent, higher than almost all of the industrialized world

 - ▶ **UNEMPLOYMENT** (3)– When we passed tax relief, unemployment

was at 6.1 percent. Now its all the way down to 4.5 percent.

- ▶ **BUSINESS INVESTMENT** (4)– And when we passed tax relief, business investment had been down for 9 straight quarters. Since then, its been up for 15 straight.
- Unfortunately, the Democrat Budget would ignore all of this – with immense tax hikes that threaten to put us right back where we were in 2001.
- (5) And now on revenues. The Democrats have been quick to claim that the reason for deficits these past few years has been the tax relief passed by the Republican Congress, but that is completely untrue. On the contrary, the tax relief has actually had the effect of increasing the revenue coming into the federal government. More important, 7.6 million people got new jobs.
- While revenue was decreasing for three straight years prior to the tax relief – it has since risen for three straight years, and in 2007 it is up again by almost 10 percent.
- *And these surging revenues have been the key factor in the dramatic deficit reduction we've seen these past few years.*
- Clearly, the federal government does not have a revenue problem, but we do have a massive spending problem. And the Democrat Budget responds to this massive spending problem – not by trying to find savings – but by simply adding massive NEW spending.
- For all their talk about reducing the deficit, all the Democrats have done since they came into the majority is spend more and more money.
 - ▶ First, they passed an Omnibus bill that added \$6 billion in new spending.
 - ▶ Next came the Supplemental, which includes over \$21 billion in new and unrequested spending.
 - ▶ And now, let's look at the Budget Resolution that we have before us today. This bill adds another \$24 billion in FY08 alone.

- But for all of the additional spending and gimmicks, the worst thing about this budget is not what it includes, but what it does not.
- This budget does nothing, absolutely nothing, to address the entitlement problem.
- This budget ignores all of the expert witnesses they themselves called to testify before the Budget Committee – nearly all of whom have unequivocally warned us that our nation is facing a fiscal crisis, that entitlements are growing out of control, and that our primary responsibility in crafting our budget should be to address entitlement spending.
- The Democrats' OWN witnesses, such as...
- The Comptroller General of GAO, who has called *the rising costs of government entitlements a "fiscal cancer" that threatens "catastrophic consequences for our country" and could "bankrupt America."*
- The Chairman of the Federal Reserve, who said that *without "early and meaningful action" to address the rapid growth of entitlements, "the U.S. economy could be seriously weakened, with future generations bearing much of the cost."*
- Even the Democrats' own witness from the Concord Coalition.
- The Democrats heard all of these witnesses, all of these warnings, and they chose to do nothing.
- Obviously, they are unconcerned with the \$4.6 trillion liability in Social Security that grows by \$600 billion every year or the \$32 trillion liability in Medicare that gets larger and larger every day.
- With this budget, they have simply accepted that we are going to continue to pile up massive amounts of debt for our children, and are going to force them to pay double what we do in taxes in order to sustain these programs.
- (6) We know that – if we fail to reform entitlements – the federal government

will double in size by the year 2040. So when my kids reach my age – this budget would leave them with the choice of either paying double our current tax rate – or accepting the fact that we just don't have enough money to spend on health care, on defense, on national security, or on education.

- I believe that this is an enormous missed opportunity by the Democrats.
- Yes, the Democrats' budget reaches balance in 2012. But at what price? They hit balance ONLY because they're imposing the largest tax increase in American history. We'll still have all the same problems – they're not calling to actually *reform* anything. They're just calling for every American taxpayer to send in more money so Congress can continue to spend too much.
- And because of the path of big government and the tax and spend policies that the Democrats have chosen, this is going to be a very short-lived success.
- As soon as we get past 2012, the year where the Democrats balance their budget on the backs of our taxpayers, and the backs of our small business, it won't be long until entitlement spending drives the federal government right back into deficits for "as far as the eye can see."
- I can only hope that before then we start to address this enormous problem of entitlement spending. Because if we do not, we may be the first generation to sever that precious and fragile American legacy of leaving a better standard of living for future generations.